RDS Payment Overview

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Amount of the Retiree Drug Subsidy Payment

For each qualifying covered retiree in the sponsor's qualified prescription drug plan, the sponsor will receive a subsidy payment of 28% of the allowable retiree costs in the plan year that is attributable to the gross prescription drug costs between the cost threshold and the cost limit.

Gross Prescription Drug Costs

- Non-administrative costs incurred under the plan in the plan year for Part D drugs
- Paid for by either the plan or the retiree

Allowable Retiree Costs

- Gross Prescription Drug Costs that are actually paid

- Minus any manufacturer or pharmacy discounts, chargebacks, rebates and other price concessions

- Paid by the plan, the qualifying covered retiree or on the qualifying covered retiree's behalf

Payment Methodology

- Process outlined in 42 CFR §423.888
- Sponsor elects payment frequency in application:

  - Monthly

  - Quarterly

  - Interim Annual, or

  - Annually

- Cost data to be submitted on the same basis as payment

Submission of Cost Data

- During the course of the plan year, for interim payments, the sponsor must submit a request for payment that includes:

  - Total aggregate gross prescription
     drug costs for all of its qualifying
     covered retirees

  - Estimated rebate amount attributable
     to the gross costs

Special Rule for Sponsors of Insured Plans

- In lieu of submitting gross cost data (costs incurred under the plan) for interim payments, the sponsor can submit the amount of premium paid for those gross costs of its qualifying covered retirees between the cost threshold and the cost limit

- Sponsors of insured plans must follow the same format for reconciliation as the other sponsors

Policy Goals in Developing Payment Process

- Compliance with §1860D-22 of the Social Security Act and with 42 CFR §423.888
- Keep it administratively simple for plan sponsors
- Keep it flexible to accommodate the various designs of retiree drug coverage
- Make it secure to provide assurance that data will be used appropriately
- Assure that CMS makes correct payments

Interim Payment

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IT Project Manager, RDS Center

Agenda

- Interim Payment Process

  – Process Flow Diagrams

  – Overview of Required Data

    - Self-Insured Benefit Option

    - Fully-Insured Benefit Option

  – Review Payment Request Examples

- Reconciliation Process

Plan Sponsor Sends Data to RDS Center

1. Picture shows two Benefit Option Administrators providing payment files to Plan Sponsor
2. Plan Sponsor Receives BOA Payment Data Files
3. Plan Sponsor Evaluates Whether to Accept the File
    1. If the File is Not Accepted – there is an assumption that the Plan Sponsor will notify the BOA and the BOA will resubmit until the File is Accepted
    2. If the File is Accepted
        1. Plan Sponsor Submits the Payment Data to RDS Center
4. Plan Sponsor Can Also Decide to Withdraw Previously Submitted Payment Data
5. RDS Center Receives Payment Data or Request to Withdraw
6. RDS Center Loads/Removes Payment Data and Notifies Plan Sponsor via E-Mail of successful load
7. Plan Sponsor Receives E-Mail Alerting to Availability of Summarized Payment Data
8. Plan Sponsor Can View Payment Data
9. Continued on Next Slide

BOA Sends Data to RDS Center, continued

BOA has no activity on this slide
1. Plan Sponsor Reviews and Approves Payment Request
2. RDS Center Performs Debarment Check
    1. If Account Does Not Pass Debarment Check
        1. RDS Center Updates Payment Request Status to Reject
    2. If Account Does Pass Debarment Check
        1. RDS Evaluates Payment Amount
            1. If Payment Amount Less Than Zero
                1. RDS Center Creates Accounts Receivable and Demand Letter
            2. If Payment Amount Greater Than Zero
                1. RDS Center Creates ACH Payment File and Validation Reports. If ACH file is rejected as not valid, RDS Center Re-Creates ACH Payment File and Validation Reports until ACH File is Valid.
                2. RDS Center Creates Payment Advice and Sends E-Mail to Plan Sponsor
                3. RDS Center Sends ACH File to RDS Bank
                4. RDS Bank forwards EFT to Plan Sponsor's Bank
3. Plan Sponsor Receives E-Mail alerting of status of payment request
4. Plan Sponsor Views Account Online, Prints Payment Advice and/or Demand Letter

BOA Sends Data to RDS Center

1. Picture shows two Benefit Option Administrators providing payment files to RDS Center

2. Benefit Option Administrators can also elect to withdraw previously submitted payment files

3. RDS Center Receives BOA Payment Files or Request to Withdraw

4. RDS Center Loads/Removes BOA Payment Files and Notifies Plan Sponsor via E-Mail

5. Plan Sponsor Receives E-Mail from RDS Center alerting to the receipt of BOA payment data

6. Plan Sponsor can View Payment Data Summary Screen

7. Plan Sponsor Selects BOA data to include in payment request – Initiates payment request

8. RDS Center Creates Summary Payment Request after adjusting for Accounts Receivable affects

Continued on Next Slide

Plan Sponsor Sends Data to RDS Center, continued

1. BOA has no activity on this slide
2. Plan Sponsor Selects BOA data to include in payment request – Initiates payment request
3. RDS Center Creates Summary Payment Request after adjusting for Accounts Receivable affects
4. Plan Sponsor Reviews and Approves Payment Request
5. RDS Center Performs Debarment Check
    1. **If Account Does Not Pass Debarment Check**
        1. **RDS Center Updates Payment Request Status to Reject**
    2. **If Account Does Pass Debarment Check**
        1. **RDS Evaluates Payment Amount**
            1. **If Payment Amount Less Than Zero**
                1. **RDS Center Creates Accounts Receivable and Demand Letter**
            2. **If Payment Amount Greater Than Zero**
                1. **RDS Center Creates ACH Payment File and Validation Reports. If ACH file is rejected as not valid, RDS Center Re-Creates ACH Payment File and Validation Reports until ACH File is Valid.**
                2. **RDS Center Creates Payment Advice and Sends E-Mail to Plan Sponsor**
                3. **RDS Center Sends ACH File to RDS Bank**
                4. **RDS Bank forwards EFT to Plan Sponsor's Bank**
6. **Plan Sponsor Receives E-Mail alerting of status of payment request**
7. **Plan Sponsor Views Account Online, Prints Payment Advice and/or Demand Letter**

Summary:
RDS Interim Payment Process

- RDS Payment Process will be executed weekly

- Requested Payments will be processed within 30 days after submission

- Payment Processing includes creation of EFT and Payment Notice (Format of Payment Notice has not yet been defined)

Required Data:
Self-Insured Benefit Option

- For each benefit option, the following data must be included in the month for which drug costs were paid:
  - Gross Rx Costs Paid
  - Threshold Reduction
  - Limit Reduction
  - Estimated Cost Adjustment

Example 1A: Self-Insured Payment Request (Month 1)

The purpose of the spreadsheet is to reflect data entered and calculated for the first payment request for a Benefit Option that is Self-Insured. The Spreadsheet has nine columns (A through I) and 23 rows. The columns reflect the data fields being collected and the rows represent the different months within the plan year. Each month is reflected in four rows. The first row contains the Name of Month, second row contains the previous values for each column, third row contains the new values for each column (this is where data entry is permitted), and the fourth row contains the calculated net value for each column.

Example 1A: Self-Insured Payment Request (Month 1), Continued

- This example reflects data being entered for the month of January. Below is a description of each cell in the spreadsheet:
- Cell A1 – A, Cell A2 – Heading Month, Cell A3 - blank
- Cell B1 – B, Cell B2 – blank, Cell B3 - blank
- Cell C1 – C, Cell C2 – Heading Gross RX Cost Paid, Cell C3 - blank
- Cell D1 – D, Cell D2 – Heading Estimated Premium Costs, Cell D3 - blank
- Cell E1 – E, Cell E2 – Heading Threshold Reduction, Cell E3 - blank
- Cell F1 – F, Cell F2 – Heading Limit Reduction, Cell F3 - blank
- Cell G1 – G, Cell G2 – Heading Estimated Cost Adjustment, Cell G3 - blank
- Cell H1 – H, Cell H2 – Heading Calculated Allowable Cost, Cell H3 –(C plus D)-(E plus F plus G)
- Cell I1 – I, Cell I2 – Heading Calculated Subsidy Amount, Cell I3 – blank
- Cell A4 – JAN
- Cells B4 through I4 are blank Highlighted Yellow to Reflect No Data Entry

Example 1A: Self-Insured Payment Request (Month 1), Continued

- **Cell A5 – blank**
- **Cell B5 – OLD**
- **Cells C5 through I5 are blank and Highlighted Gray to Reflect No Data Entry**

- **Cell A6 – blank**
- **Cell B6 – NEW**
- **Cell C6 – 20,000 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell D6 – 0 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell E6 – 19,000 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell F6 – 0 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell G6 – 50 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H6 – 950 and is highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell I6 – 266 and is highlighted Gray to Reflect No Data Entry – Calculated Field**

- **Cell A7 – blank**
- **Cell B7 – NET**
- **Cell C7 through I7 are blank and Highlighted Gray to Reflect No Data Entry**

Example 1A: Self-Insured Payment Request (Month 1), Continued

- Cell A8 – FEB
- Cells B8 through I8 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A9 – blank
- Cell B9 – OLD
- Cells C9 through I9 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A10 – blank
- Cell B10 – NEW
- Cells C10 through G10 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H10 through I10 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A11 – blank
- Cell B11 – NET
- Cells C11 through I11 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A12 – MAR
- Cells B12 through I12 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A13 – blank
- Cell B13 – OLD
- Cells C13 through I13 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A14 – blank
- Cell B14 – NEW
- Cells C14 through G14 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H14 through I14 are blank and Highlighted Gray to Reflect No Data Entry

Example 1A: Self-Insured Payment Request (Month 1), Continued

- **Cell A15 – blank**
- **Cell B15 – NET**
- **Cells C15 through I15 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A16 – APR**
- **Cells B16 through I16 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A17 – blank**
- **Cell B17 – OLD**
- **Cells C17 through I13 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A18 – blank**
- **Cell B18 – NEW**
- **Cells C18 through G18 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H18 through I18 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A19 – blank**
- **Cell B19 – NET**
- **Cells C19 through I19 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cells A20 through I 20 are blank**
- **Cells A21 through I21 are blank**
- **Cell A22 has the comment Based on 100 retirees**
- **Cell B22 through I22 are blank**
- **Cell A23 has the comment Net payment request would be $266**
- **Cells B23 through I23 are blank**

Example 1B: Self-Insured Payment Request (Month 4)

Purpose of the spreadsheet is to reflect data entered and calculated for the subsequent payment request for a Benefit Option that is Self-Insured to depict entering adjustments to previously submitted data. Spreadsheet has nine columns (A through I) and 23 rows. The columns reflect the data fields being collected and the rows represent the different months within the plan year. Each month is reflected in four rows. The first row contains the Name of Month, second row contains the previous values for each column, third row contains the new values for each column (this is where data entry is permitted), and the fourth row contains the calculated net value for each column.

Example 1B: Self-Insured Payment Request (Month 4), Continued

- This example reflects data being submitted for the month of April – and reflects adjustments to data provided for February. Below is a description of each cell in the spreadsheet:
- Cell A1 – A, Cell A2 – Heading Month, Cell A3 – blank, Cell B1 – B, Cell B2 – blank
  Cell B3 - blank
- Cell C1 – C, Cell C2 – Heading Gross RX Cost Paid, Cell C3 - blank
- Cell D1 – D, Cell D2 – Heading Estimated Premium Costs   Cell D3 - blank
- Cell E1 – E, Cell E2 – Heading Threshold Reduction, Cell E3 - blank
- Cell F1 – F, Cell F2 – Heading Limit Reduction, Cell F3 - blank
- Cell G1 – G, Cell G2 – Heading Estimated Cost Adjustment, Cell G3 - blank
- Cell H1 – H, Cell H2 – Heading Calculated Allowable Cost, Cell H3 –(C plus D)-(E plus F plus G)
- Cell I1 – I, Cell I2 – Heading Calculated Subsidy Amount, Cell I3 – blank
- Cell A4 – JAN
- Cells B4 through I4 are blank Highlighted Yellow to Reflect No Data Entry
- Cell A5 – blank
- Cell B5 – OLD
- Cell C5 20,000 and Highlighted Gray to Reflect No Data Entry
- Cell D5 – 0 and Highlighted Gray to Reflect No Data Entry
- Cell E5 – 19,000 and Highlighted Gray to Reflect No Data Entry
- Cell F5 – 0 and Highlighted Gray to Reflect No Data Entry
- Cell G5 – 50 and Highlighted Gray to Reflect No Data Entry
- Cell H5 – 950 and is highlighted Gray to Reflect No Data Entry
- Cell I5 – 266 and is highlighted Gray to Reflect No Data Entry

Example 1B: Self-Insured Payment Request (Month 4), Continued

- **Cell A6 – blank**
- **Cell B6 – NEW**
- **Cell C6 through G6 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H6 through I6 are blank and Highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell A7 – blank**
- **Cell B7 – NET**
- **Cell C7 through I7 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A8 – FEB**
- **Cells B8 through I8 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A9 – blank**
- **Cell B9 – OLD**
- **Cell C9 – 25,000 and Highlighted Gray to Reflect No Data Entry**
- **Cell D9 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell E9 – 12,000 and Highlighted Gray to Reflect No Data Entry**
- **Cell F9 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell G9 – 650 and Highlighted Gray to Reflect No Data Entry**
- **Cell H9 – 12,350 and Highlighted Gray to Reflect No Data Entry**
- **Cell I9 – 3458 and Highlighted Gray to Reflect No Data Entry**
- **Cell A10 – blank**
- **Cell B10 – NEW**
- **Cell C10 – 24,000 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell D10 – 0 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell E10 – 11,800 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell F10 – 0 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell G10 – 610 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H10 – 11,590 and Highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell I10 – 3245 and Highlighted Gray to Reflect No Data Entry – Calculated Field**

Example 1B: Self-Insured Payment Request (Month 4), Continued

- **Cell A11 – blank**
- **Cell B11 – NET**
- **Cell C11 – (-1,000) and Highlighted Gray to Reflect No Data Entry**
- **Cell D11 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell E11 – (-200) and Highlighted Gray to Reflect No Data Entry**
- **Cell F11 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell G11 – (-40) and Highlighted Gray to Reflect No Data Entry**
- **Cell H11 – (-760) and Highlighted Gray to Reflect No Data Entry**
- **Cell I11 – (-213) and Highlighted Gray to Reflect No Data Entry**
- **Cell A12 – MAR**
- **Cells B12 through I12 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A13 – blank**
- **Cell B13 – OLD**
- **Cell C13 – 20,000 and Highlighted Gray to Reflect No Data Entry**
- **Cell D13 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell E13 – 8,000 and Highlighted Gray to Reflect No Data Entry**
- **Cell F13 – 0 and Highlighted Gray to Reflect No Data Entry**
- **Cell G13 – 600 and Highlighted Gray to Reflect No Data Entry**
- **Cell H13 – 11,400 and Highlighted Gray to Reflect No Data Entry**
- **Cell I13 – 3192 and Highlighted Gray to Reflect No Data Entry**

Example 1B: Self-Insured Payment Request (Month 4), Continued

- **Cell A14 – blank**
- **Cell B14 – NEW**
- **Cells C14 through G14 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H14 through I14 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A15 – blank**
- **Cell B15 – NET**
- **Cells C15 through I15 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A16 – APR**
- **Cells B16 through I16 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A17 – blank**
- **Cell B17 – OLD**
- **Cells C17 through I13 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A18 – blank**
- **Cell B18 – NEW**
- **Cell C18 – 21,000 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell D18 – 0 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell E18 – 4,000 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell F18 – 1,000 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell G18 – 800 and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H18 – 15,200 and Highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell I18 – 4256 and Highlighted Gray to Reflect No Data Entry – Calculated Field**

- **Cell A19 – blank**
- **Cell B19 – NET**
- **Cells C19 through I19 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cells A20 through I 20 are blank**
- **Cells A21 through I21 are blank**
- **Cell A22 has the comment Based on 100 retirees**
- **Cell B22 through I22 are blank**
- **Cell A23 has the comment Net payment request would be calculated as $4256 - $213 = $4043, then accounts receivable would be factored in**
- **Cells B23 through I23 are blank**

Required Data:
Fully-Insured Benefit Option

- **Method #1**
  - Gross Rx Costs Paid
  - Threshold Reduction
  - Limit Reduction
  - Estimated Cost Adjustment

- **Method #2**
  - Estimated Premium Cost
  - Estimated Cost Adjustment (if applicable)

- The purpose of the spreadsheet is to reflect data entered and calculated for the first payment request for a Benefit Option that is Self-Insured. The Spreadsheet has nine columns (A through I) and 23 rows. The columns reflect the data fields being collected and the rows represent the different months within the plan year. Each month is reflected in four rows. The first row contains the Name of Month, second row contains the previous values for each column, third row contains the new values for each column (this is where data entry is permitted), and the fourth row contains the calculated net value for each column.

Example 2A: Fully-Insured Using Method #2 (Month 1)

- **Cell A15 – blank**
- **Cell B15 – NET**
- **Cells C15 through I15 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A16 – APR**
- **Cells B16 through I16 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A17 – blank**
- **Cell B17 – OLD**
- **Cells C17 through I13 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A18 – blank**
- **Cell B18 – NEW**
- **Cells C18 through G18 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H18 through I18 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A19 – blank**
- **Cell B19 – NET**
- **Cells C19 through I19 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cells A20 through I 20 are blank**
- **Cells A21 through I21 are blank**
- **Cell A22 has the comment Based on 100 retirees with a total annual premium of $3,000, $1,500 of which is attributed to gross prescription costs between the cost limit and cost threshold.**
- **Cell B22 through I22 are blank**
- **Cell A23 through I23 are blank**

Example 2A: Fully-Insured Using Method #2 (Month 1)

- Cells C9 through I9 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A10 – blank
- Cell B10 – NEW
- Cells C10 through G10 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H10 through I10 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A11 – blank
- Cell B11 – NET
- Cells C11 through I11 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A12 – MAR
- Cells B12 through I12 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A13 – blank
- Cell B13 – OLD
- Cells C13 through I13 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A14 – blank
- Cell B14 – NEW
- Cells C14 through G14 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H14 through I14 are blank and Highlighted Gray to Reflect No Data Entry

Example 2A: Fully-Insured Using Method #2 (Month 1)

- **Cell A6 – blank**
- **Cell B6 – NEW**
- **Cell C6 – blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell D6 – 12,500* and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell E6 – blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell F6 – blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell G6 – blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H6 – 12,500 and is highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell I6 – 3,500 and is highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell A7 – blank**
- **Cell B7 – NET**
- **Cell C7 through I7 are blank and Highlighted Gray to Reflect No Data Entry**
-
  Cell A8 – FEB
- **Cells B8 through I8 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A9 – blank**
- **Cell B9 – OLD**

Example 2A: Fully-Insured Using Method #2 (Month 1)

- This example reflects data being entered for the month of January. Below is a description of each cell in the spreadsheet:

- Cell A1 – A, Cell A2 – Heading Month, Cell A3 - blank
- Cell B1 – B, Cell B2 – blank, Cell B3 - blank
- Cell C1 – C, Cell C2 – Heading Gross RX Cost Paid, Cell C3 - blank
- Cell D1 – D, Cell D2 – Heading Estimated Premium Costs, Cell D3 - blank
- Cell E1 – E, Cell E2 – Heading Threshold Reduction, Cell E3 - blank
- Cell F1 – F, Cell F2 – Heading Limit Reduction, Cell F3 - blank
- Cell G1 – G, Cell G2 – Heading Estimated Cost Adjustment, Cell G3 - blank
- Cell H1 – H, Cell H2 – Heading Calculated Allowable Cost, Cell H3 –(C plus D)-(E plus F plus G)
- Cell I1 – I, Cell I2 – Heading Calculated Subsidy Amount, Cell I3 – blank
- Cell A4 – JAN
- Cells B4 through I4 are blank Highlighted Yellow to Reflect No Data Entry
- Cell A5 – blank
- Cell B5 – OLD
- Cells C5 through I5 are blank and Highlighted Gray to Reflect No Data Entry

- **Purpose of the spreadsheet is to reflect data entered and calculated for the first payment request for a Benefit Option that is Fully-Insured and elects to provide Estimated Premium Costs rather than Actual Gross Prescription Cost Data. The Spreadsheet has nine columns (A through I) and 23 rows. The columns reflect the data fields being collected and the rows represent the different months within the plan year. Each month is reflected in four rows. The first row contains the Name of Month, second row contains the previous values for each column, third row contains the new values for each column (this is where data entry is permitted), and the fourth row contains the calculated net value for each column.**

- **Cell A1 – A, Cell A2 – Heading Month, Cell A3 - blank**
- **Cell B1 – B, Cell B2 – blank, Cell B3 - blank**
- **Cell C1 – C, Cell C2 – Heading Gross RX Cost Paid, Cell C3 - blank**
- **Cell D1 – D, Cell D2 – Heading Estimated Premium Costs, Cell D3 - blank**
- **Cell E1 – E, Cell E2 – Heading Threshold Reduction, Cell E3 - blank**
- **Cell F1 – F, Cell F2 – Heading Limit Reduction, Cell F3 - blank**
- **Cell G1 – G, Cell G2 – Heading Estimated Cost Adjustment, Cell G3 - blank**
- **Cell H1 – H, Cell H2 – Heading Calculated Allowable Cost, Cell H3 –(C+D)-(E+F+G)**
- **Cell I1 – I, Cell I2 – Heading Calculated Subsidy Amount, Cell I3 – blank**
- **Cell A4 – JAN**
- **Cells B4 through I4 are blank Highlighted Yellow to Reflect No Data Entry**
- **Cell A5 – blank**
- **Cell B5 – OLD**
- **Cells C5 through I5 are blank and Highlighted Gray to Reflect No Data Entry**

Reconciliation Process

James Mayhew,
Technical Advisor, EPOG, CMS

Reconciliation Process

Reconciliation Must Be Initiated by
Plan Sponsor within 15 months after
end of Plan Year

Reconciliation

- Enumerated in 42 CFR §423.888(b)(4)

- Process to capture actual rebate data and to make adjustments for the final payment for the plan year

- Must occur within 15 months after the end of the plan year

Cost Data for Reconciliation

- Sponsor must submit for reconciliation:

  - Total gross prescription drug costs
    for each qualifying covered retiree
  - Actual rebate amount apportioned
    to each qualifying covered retiree

Example 2 B: Fully-Insured using Method #2 (Month 4), Continued

- **Cell A16 – APR**
- **Cells B16 through I16 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A17 – blank**
- **Cell B17 – OLD**
- **Cells C17 through I13 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A18 – blank**
- **Cell B18 – NEW**
- **Cells C18 through G18 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H18 through I18 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A19 – blank**
- **Cell B19 – NET**
- **Cells C19 through I19 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cells A20 through I 20 are blank**
- **Cells A21 through I21 are blank**
- **Cell A22 has the comment Based on 100 retirees**
- **Cell B22 through I22 are blank**
- **Cell A23 has the comment Net payment request would be $266**
- **Cells B23 through I23 are blank**

Example 2 B: Fully-Insured using Method #2 (Month 4), Continued

- **Cell A10 – blank**
- **Cell B10 – NEW**
- **Cells C10 through G10 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H10 through I10 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A11 – blank**
- **Cell B11 – NET**
- **Cells C11 through I11 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A12 – MAR**
- **Cells B12 through I12 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A13 – blank**
- **Cell B13 – OLD**
- **Cells C13 through I13 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A14 – blank**
- **Cell B14 – NEW**
- **Cells C14 through G14 are blank and Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cells H14 through I14 are blank and Highlighted Gray to Reflect No Data Entry**
- **Cell A15 – blank**
- **Cell B15 – NET**
- **Cells C15 through I15 are blank and Highlighted Gray to Reflect No Data Entry**

- **Cell A6 – blank**
- **Cell B6 – NEW**
- **Cell C6 – 20,000 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell D6 – 0 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell E6 – 19,000 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell F6 – 0 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell G6 – 50 and is Highlighted Light Blue to Reflect Data Entry Permitted**
- **Cell H6 – 950 and is highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell I6 – 266 and is highlighted Gray to Reflect No Data Entry – Calculated Field**
- **Cell A7 – blank**
- **Cell B7 – NET**
- **Cell C7 through I7 are blank and Highlighted Gray to Reflect No Data Entry**
-
  Cell A8 – FEB
- **Cells B8 through I8 are blank and Highlighted Yellow to Reflect No Data Entry**
- **Cell A9 – blank**
- **Cell B9 – OLD**
- **Cells C9 through I9 are blank and Highlighted Gray to Reflect No Data Entry**

Example 3: Combination of Methods #1 & #2 (Month 1), Continued

- Cell A8 – FEB
- Cells B8 through I8 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A9 – blank
- Cell B9 – OLD
- Cells C9 through I9 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A10 – blank
- Cell B10 – NEW
- Cells C10 through G10 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H10 through I10 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A11 – blank
- Cell B11 – NET
- Cells C11 through I11 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A12 – MAR
- Cells B12 through I12 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A13 – blank
- Cell B13 – OLD
- Cells C13 through I13 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A14 – blank
- Cell B14 – NEW
- Cells C14 through G14 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H14 through I14 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A15 – blank
- Cell B15 – NET
- Cells C15 through I15 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A16 – APR
- Cells B16 through I16 are blank and Highlighted Yellow to Reflect No Data Entry
- Cell A17 – blank
- Cell B17 – OLD
- Cells C17 through I13 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A18 – blank
- Cell B18 – NEW
- Cells C18 through G18 are blank and Highlighted Light Blue to Reflect Data Entry Permitted
- Cells H18 through I18 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A19 – blank
- Cell B19 – NET
- Cells C19 through I19 are blank and Highlighted Gray to Reflect No Data Entry
- Cells A20 through I 20 are blank
- Cells A21 through I21 are blank
- Cell A22 has the comment *Based upon option with 100 retirees
- Cells B22 through I22 are blankon 100 retirees with a total annual premium of $3,000, $1,500 of Cells A23 through I 23 are blank
- Cells A24 through I 24 are blank
- Cell A25 has the comment **Based upon a second fully insured option with 100 retirees with a total annual premium of $3,000 each, $1,500 of which is attributed to gross prescription Part D drug costs between the cost limit and cost threshold

Example 3: Combination of Methods #1 & #2 (Month 1), Continued

This example reflects data being entered for the month of January. Below is a description of each cell in the spreadsheet:

- Cell A1 – A, Cell A2 – Heading Month, Cell A3 - blank
- Cell B1 – B, Cell B2 – blank, Cell B3 - blank
- Cell C1 – C, Cell C2 – Heading Gross RX Cost Paid, Cell C3 - blank
- Cell D1 – D, Cell D2 – Heading Estimated Premium Costs, Cell D3 - blank
- Cell E1 – E, Cell E2 – Heading Threshold Reduction, Cell E3 - blank
- Cell F1 – F, Cell F2 – Heading Limit Reduction, Cell F3 - blank
- Cell G1 – G, Cell G2 – Heading Estimated Cost Adjustment, Cell G3 - blank
- Cell H1 – H, Cell H2 – Heading Calculated Allowable Cost, Cell H3 –(C plus D)-(E plus F plus G)
- Cell I1 – I, Cell I2 – Heading Calculated Subsidy Amount, Cell I3 – blank
- Cell A4 – JAN
- Cells B4 through I4 are blank Highlighted Yellow to Reflect No Data Entry
- Cell A5 – blank
- Cell B5 – OLD
- Cells C5 through I5 are blank and Highlighted Gray to Reflect No Data Entry
- Cell A6 – blank
- Cell B6 – NEW
- Cell C6 – 20,000* and Highlighted Light Blue to Reflect Data Entry Permitted
- Cell D6 – 12,500** and Highlighted Light Blue to Reflect Data Entry Permitted
- Cell E6 – 19,000 and Highlighted Light Blue to Reflect Data Entry Permitted
- Cell F6 – 0 and Highlighted Light Blue to Reflect Data Entry Permitted
- Cell G6 – 50 and Highlighted Light Blue to Reflect Data Entry Permitted
- Cell H6 – 13,450 and is highlighted Gray to Reflect No Data Entry – Calculated Field
- Cell I6 – 3,766 and is highlighted Gray to Reflect No Data Entry – Calculated Field
- Cell A7 – blank
- Cell B7 – NET
- Cell C7 through I7 are blank and Highlighted Gray to Reflect No Data Entry

- **Purpose of the spreadsheet is to reflect data entered and calculated for the subsequent payment request for a Benefit Option that is Self-Insured to depict entering adjustments to previously submitted data. Spreadsheet has nine columns (A through I) and 23 rows. The columns reflect the data fields being collected and the rows represent the different months within the plan year. Each month is reflected in four rows. The first row contains the Name of Month, second row contains the previous values for each column, third row contains the new values for each column (this is where data entry is permitted), and the fourth row contains the calculated net value for each column.**

Retiree Drug Subsidy Appeals Process

Patricia Pergal

Chief Legal Counsel, RDS Center

Agenda

- Overview

- What can be appealed?

- Stages of an appeal

    – Content of request

    – How to file an appeal

- Reopenings

Overview

- RDS appeals: 42 CFR 423.890
- All appeals activity: RDS Center secure website
- Filing:
  - In writing
  - Requestors: AR, AM or Designee
  - Ability to submit attachments

Overview (continued)

- Decisions
  - E-mail notification to Requestor
  - Full decision on RDS Center secure website
  - Decisions in favor of Sponsor: implemented within 15 days of determination

Submitting an Appeal

- AR, AM, or Designee signs on to the RDS Secure Web Site
- Go to the Plan Sponsor Application Summary Page
- Select "appeal" action from the drop-down list of actions for the application in question
- Complete form and submit
- Send supporting documentation via fax or US Mail

What May be Appealed?

- Subsidy payment: amount
- Determination: actuarial equivalence
- Eligibility: qualifying covered retirees
- Similar determinations (as determined by CMS):
  - eligibility
  - amount of payment

3 Appeal Levels

- Informal Written Reconsideration

- Informal Hearing

- Review by CMS Administrator (discretionary)

Informal Written Reconsideration

- Must be filed within 15 calendar days of initial determination
- Content:
  - Issues in dispute
  - Reasons for disagreement
  - Supporting evidence (optional)
- Note: Record established at this level

  of appeal
- Decision final (unless hearing requested)

Informal Hearing

- Available following reconsideration determination
- Must file within 15 days of reconsideration determination
  - Specify issues in dispute
  - Reasons for disagreement
  - No additional evidence allowed
- Conducted by CMS Hearing Officer
- Decision final (unless review by Administrator requested)

Hearing Options

- In person or by telephone
  - Oral argument allowed
  - No testimony
  - Notification of hearing date: at least 10 days prior to hearing
- On the record
- Select option at time of filing

Review by CMS Administrator

- Available following Hearing Officer decision
- Discretionary
- Must file within 15 days of notice of hearing decision
  - Specify issues in dispute
  - Reasons for disagreement
  - No additional evidence allowed
- Decision: final & binding

Reopenings

- Applies to:
  - Initial determinations
  - Reconsideration determinations
- Discretionary: RDS Center decision
- Decision not to reopen: final & binding

Basis for Reopening

- Within 1 year of determination: for any reason
- Within 4 years of determination: for good cause
- Any time: when determination obtained through fraud

Good Cause

- New and material evidence unavailable at time of initial determination
- Clerical error in computation of payments
- Evidence considered in making determination: clearly erroneous on its face

No Good Cause

No Good Cause exists if the only reason for reopening is a change in legal interpretation or administrative ruling upon which initial determination was made.

RDS Appeals
Questions & Answers

Retiree Drug Subsidy Program Oversight

James Krall

Health Insurance Specialist, EPOG, CMS

Marilyn Herrington

Fraud & Abuse Manager, RDS Center

David Lamir

Auditor, Office of Inspector General

Agenda

- Overview of benefit integrity activities – RDS Center

- Overview of RDS program audits – CMS

- Overview of Office of Inspector general activities – OIG

Benefit Integrity Goals

- Confirm the identity of individuals and organizations in the RDS program

- Make accurate payments and protect the Medicare Trust Fund

- Detect and prevent fraud and abuse

BIU Primary Responsibilities

- Respond to complaints of fraud and/or abuse

- Develop cases for referral to law enforcement

- Support law enforcement

What Is Fraud?

Fraud is the _intentional_ deception or misrepresentation which an individual _knows to be false_ or does not believe to be true and makes, knowing the deception could result in some unauthorized benefit to himself/herself or some other person/entity.

Examples of Potential Fraud in the RDS Program

- Submitting false information on the RDS program application

- Submitting false information regarding retirees in original retiree list and update files

- Creating false or misleading documentation regarding the actuarial equivalence of a plan

Examples of Potential Fraud in the RDS Program

- Submitting false or misleading drug cost data

- Submitting false or misleading data regarding rebates and other price concessions

- Submitting false or misleading documentation when requesting an appeal

Actions That May Be Taken If Fraud Is Identified

- Referral to the OIG or other law enforcement agency

- Exclusion from participation in Federal programs

- Administrative sanctions

- Civil monetary penalties

Referral To OIG May Result In:

- Possible sanctions or exclusion from all Federal Programs

- Possible Civil Monetary Penalties

- Criminal Penalties which may include:

  - Incarceration

  - Fines/restitution

  - Asset seizure

Situations That May Not Be Fraud

- Making a drug cost calculation or processing error

- Unknowingly submitting incorrect data on rebates

- Unknowingly submitting incorrect information on retirees

What Is Abuse?

Abuse is the incident or practice of plan sponsors that is inconsistent with accepted sound business or fiscal practices. These practices may directly or indirectly result in unnecessary costs to Medicare and/or the RDS program.

RDS Center Actions When Abuse Is Identified

- Recoup amounts overpaid

  - Demand overpaid amount from plan sponsor

  - Withhold overpaid amount from future claims

  - Suspend payments to plan sponsor

- Education and warnings

- Refer to CMS and/or law enforcement for audit or investigation

Conclusion

- Most plan sponsors will be honest, careful, and conscientious

- Mistakes can and do happen

- The Benefit Integrity Unit will not refer plan sponsors to law enforcement unless there is evidence of fraud

Conclusion

- Remember that when someone commits fraud or abuse, they are taking money from the Medicare trust fund.

- We all share the responsibility of protecting OUR Medicare benefits.

RDS Program Audits

Types of Audits

- <u>Random</u> – plan sponsors will be selected using statistically valid random samples within strata based on plan sponsor size

- <u>Targeted</u> – subjects selected based on information derived or received by CMS from:
  - RDS Center referrals
  - Random audit findings
  - Complaints
  - Law enforcement officials

Audit Categories

- Creditable coverage disclosures

- Actuarial equivalency attestations

- Subsidy payments

Audits of Creditable Coverage Disclosures

Purpose:

To determine if plan sponsor creditable coverage disclosures are in accordance with the law, regulations, and CMS guidance.

Audits of Creditable Coverage Disclosures

What will be examined?

- Actual creditable coverage disclosures used by the plan sponsor to notify its retirees (e.g. letters, bulletins, plan benefit booklet)

- Intended target audiences for the disclosures

- Evidence that disclosures occurred

Audits of Actuarial Equivalency Attestations

Purpose:

To confirm that the plan is at least actuarially equivalent to standard Medicare drug benefit.

Actuarial Equivalency Attestations

What will be examined?

- **Actuary working papers to determine:**

  - If generally accepted actuarial principles were used

  - The accuracy of gross value test calculation(s)

  - The accuracy of net value test calculation(s)

Audits of Subsidy Payments

Purpose:

To confirm the accuracy of plan sponsor payment requests and RDS Center subsidy payments.

Audits of Subsidy Payments

What will be examined?

- RDS Center electronic funds transfers and remittance advices

- Plan Sponsor payment requests

- Source drug claim, rebate, chargeback, price concession, and admin cost data

Audit Open Issues

- How will CMS collect/receive the information needed to complete an audit?

  - Electronic vs. hardcopy?

  - Format of electronic files?

- What proportion of audits will be desk reviews vs. onsite?

Program Oversight
Office of Inspector General

Office of Inspector General

- OIG Mission and Structure

- Regulatory Authority

- OIG and the RDS Program